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**State/Territory Name: Montana**

**State Plan Amendment (SPA) #: 19-0015**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) 179
- 3) Approved SPA Pages



**Center for Medicaid and CHIP Services**

**Disabled and Elderly Health Programs Group**

September 04, 2019

Marie Mathews  
State Medicaid Director  
Montana Department of Public Health and Human Services  
P.O. Box 4210  
Helena MT, 59620

Dear Ms. Mathews:

We have reviewed Montana's State Plan Amendment (SPA) 19-0015 received in the Denver Regional Operations Group on July 05, 2019. This amendment proposes to allow the Division of Medicaid to increase the professional dispensing fee to accurately reflect the provider rate increase appropriated by Montana Legislature.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 19-0015 is approved with an effective date of July 1, 2019. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into Montana's state plan will be forwarded by the Denver Regional Operations Group.

If you have any questions regarding this amendment, please contact Charlotte Amponsah at (410) 786-1092 or [charlotte.amponsah@cms.hhs.gov](mailto:charlotte.amponsah@cms.hhs.gov).

Sincerely,

/s/

John M. Coster, Ph.D., R.Ph.  
Director  
Division of Pharmacy

cc: Richard C. Allen, Group Director, Denver Regional Operations Group  
Sonja Madera, Denver Regional Operations Group  
Barbara Prehmus, Denver Regional Operations Group  
Mary Eve Kulawik, SPA Coordinator, State of Montana

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 19-0015	2. STATE Montana
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE 07/01/2019	
5. TYPE OF PLAN MATERIAL <i>(Check One)</i> :  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT <i>(Separate Transmittal for each amendment)</i>			
6. FEDERAL STATUTE/REGULATION CITATION: Section 1902(a)(30)(A)		7. FEDERAL BUDGET IMPACT: a. FFY 19: \$62,911 b. FFY 20: \$317,846 c. FFY 21: \$394,947	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19B Methods and Standards For Establishing Payment Rates, Service 12 a, Outpatient Drug Services, Pages 1-3 of 3		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT <i>(If Applicable)</i> :  Attachment 4.19B Methods and Standards For Establishing Payment Rates, Service 12 a, Outpatient Drug Services, Pages 1-3 of 3	
10. SUBJECT OF AMENDMENT:  Change the maximum dispensing fee for each tier, to accurately reflect the provider rate increase appropriated by the Montana Legislature.			
11. GOVERNOR'S REVIEW <i>(Check One)</i> : <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED                      Single Agency Director Review <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL:  <div style="background-color: black; width: 200px; height: 30px; margin: 0 auto;"></div>		16. RETURN TO: Montana Department of Public Health and Human Services Marie Matthews Attn: Mary Eve Kulawik PO Box 4210 Helena MT 59620	
13. TYPED NAME: Marie Matthews		16. RETURN TO: Montana Department of Public Health and Human Services Marie Matthews Attn: Mary Eve Kulawik PO Box 4210 Helena MT 59620	
14. TITLE: State Medicaid Director			
15. DATE SUBMITTED:  <div style="font-size: 2em; font-family: cursive;">7-5-19</div>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:  July 5, 2019		18. DATE APPROVED:  September 4, 2019	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL:  July 1, 2019		20. SIGNATURE OF REGIONAL OFFICIAL:  <div style="background-color: black; width: 150px; height: 30px; margin: 0 auto;"></div>	
21. TYPED NAME:  Richard C. Allen		22. TITLE:  Director, WROG	
23. REMARKS:			

## MONTANA

### DEFINITIONS

Average Acquisition Cost (AAC) is defined as the calculated average drug ingredient cost per drug determined by direct pharmacy survey, wholesale survey, and other relevant cost information.

Submitted ingredient cost is defined as a pharmacy's actual ingredient cost. For drugs purchased under the 3408 Drug Pricing Program, submitted ingredient cost means the actual 3408 purchase price. For drugs purchased under the Federal Supply Schedule (FSS) submitted ingredient cost means the FSS purchase price.

### REIMBURSEMENT METHODOLOGY

- A. Reimbursement for brand and generic prescribed drugs shall not exceed the lowest of:
  - a. The provider's usual and customary charge of the drug to the general public; or
  - b. The allowed ingredient cost plus a professional dispensing fee. Where allowed ingredient cost is defined as the lower of:
    - 1. The AAC; or
    - 2. Submitted ingredient cost.
      - i. If AAC is not available, drug reimbursement will be determined at the lower of:
        - a. Wholesale Acquisition Cost (WAC);
        - b. Affordable Care Act Federal Upper Limit (ACA FUL); or
        - c. Submitted Ingredient Cost.
- B. For 3408 purchased drugs, specialty or non-specialty, will be reimbursed utilizing the logic outlined in subsection A. 3408 providers are required to bill no more than their acquisition cost as their submitted ingredient amount, and will be reimbursed no more than the 3408 ceiling price.
- C. All Indian Health Service, tribal, and urban Indian pharmacies are paid under the methodology outlined in subsection A.
- D. For drug purchased under the FSS, providers will be required to bill their actual acquisition cost as their submitted ingredient amount, and will be reimbursed no more than the FSS price.
- E. Clotting factors from Specialty Pharmacies, Hemophilia Treatment Centers (HTC), or Centers of Excellence:
  - a. not purchased through the 3408 program will be reimbursed the lesser of the Usual and Customary (U&C), Submitted Ingredient Cost or WAC plus the professional dispensing fee; and
  - b. when purchased through the 3408 program, will be reimbursed the lesser of the U & C or WAC plus the professional dispensing fee.
- F. Drugs acquired at a Nominal Price (outside of 3408 or FSS) will be reimbursed at no more than the actual acquisition cost plus the professional dispensing fee, through use of the methodology outlined in Subsection A.
- G. Montana Medicaid does not pay for investigational drugs.

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H. For specialty and non-specialty, physician administered drugs reimbursement is as follows:

- a. The Department requires that National Drug Codes (NDC) must be submitted for all physician administered drugs. Montana Medicaid will cover only those physician administered drugs manufactured by companies that have a signed rebate agreement with CMS. Reimbursement for physician-administered drugs is made according to the department's fee schedule or the provider's usual and customary charge, whichever is lower. The physician administered drug fee schedule is updated effective the 1st day of each quarter as determined by:
  1. The Medicare Average Sales Price (ASP) methodology (of ASP+6%) if there is an ASP fee; or
  2. The logic outlined in Subsection A, with the exception of the professional dispensing fee. No professional dispensing fee will be paid for physician administered drugs.
- b. Providers participating in the 340B Drug Pricing Program are required to bill Montana Medicaid their actual acquisition cost, and these drugs will be reimbursed at no more than the 340B ceiling price.

### EXCEPTION:

For outpatient drugs provided to Medicaid participants in state institutions, reimbursement will conform to the state contract for pharmacy services; or for institutions not participating in the state contract for pharmacy services, reimbursement will be the actual cost of the drug and professional dispensing fee. In either case, reimbursement will not exceed, in the aggregate, the AAC plus the professional dispensing fee.

### PROFESSIONAL DISPENSING FEE

- a. The professional dispensing fees assigned will be the calculated cost to dispense not to exceed the specified tier amount:
  1. \$15.14 for pharmacies with an annual prescription volume between 0 and 39,999 prescriptions;
  2. \$13.12 for pharmacies with an annual prescription volume between 40,000 and 69,999; or
  3. \$11.10 for pharmacies with an annual prescription volume greater than 70,000.

Pharmacy providers that are new to the Montana Medicaid program will be assigned the maximum dispensing fee in (1)(a) until a dispensing fee questionnaire can be completed for six months of operation. At that time, a new dispensing fee will be assigned which will be the lower of the dispensing fee calculated for the pharmacy or the maximum allowed dispensing fee provided in (1).

If a pharmacy does not return the annual dispensing fee questionnaire they will be assigned a dispensing fee based on the lowest calculated cost to dispense from the annual dispensing fee questionnaire. Once returned, the pharmacy's calculated cost to dispense will be updated. This assignment will not be retroactive.

An additional professional dispensing fee of \$0.75 will be paid for "unit dose" prescriptions. This "unit dose" professional dispensing fee will offset the additional cost of packaging supplies and materials which are directly related to filling "unit dose" prescriptions by the individual pharmacy and is in addition to the regular professional dispensing fee allowed. Only one unit dose professional dispensing fee will be allowed each month for each prescribed medication. A professional dispensing fee will not be paid for a unit dose prescription packaged by the drug manufacturer.

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A compounding fee based on level of effort will be paid for compounded prescriptions in lieu of a professional dispensing fee. Montana Medicaid shall reimburse pharmacies for compounding drugs only if the client's drug therapy needs cannot be met by commercially available dosage strengths and/or forms of the therapy. Reimbursement for each drug component shall be determined in accordance with "lower of" pricing methodology. The compounding fee for each compounded drug shall be based on the level of effort required by the pharmacist. The levels of effort compounding fees payable are level 1: \$12.50, level 2: \$17.50, and level 3: \$22.50.